PART XI.

Supplemental.

LEGAL PROCEEDINGS, OFFENCES, ETC.

Cognizance of offences.

278. (1) No Court inferior to that of a Magistrate of the first class shall try any offence against this Act.

(2) Notwithstanding anything in the Code of Criminal Procedure, 1904, every offence against this Act shall, for the purposes of the said Code, be deemed to be non-cognizable.

Applications of fines.

279. The Court imposing any fine under this Act may direct that the whole or any part thereof be applied in or towards payment of the costs of the proceedings, or in or towards the rewarding of the person on whose information the fine is recovered.

Power to require limited company to give security for costs.

280. Where a limited company is plaintiff or petitioner in any suit or other legal proceeding, any Court having jurisdiction in the matter may, if it appears that there is reason to believe that the company will be unable to pay the costs of the defendant if successful in his defence, require sufficient security to be given for those costs, and may stay all proceedings until the security is given.

Power of Court to grant relief in certain cases.

281. (1) If in any proceedings for negligence, default, breach of duty or breach of trust against a person to whom this section applies, it appears to the Court hearing the case that that person is or may be liable in respect of the negligence, default, breach of duty or breach of trust, but that he has acted honestly and reasonably, and that having regard to all the circumstances of the case, including those connected with his appointment, he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, that Court may relieve him, either wholly or partly, from his liability on such terms as the Court may think fit.

(2) Where any person to whom this section applies has reason to apprehend that any claim will or might be made against him in respect of any negligence, default, breach of duty or breach of trust, he may apply to the Court for relief, and the Court on any such application shall have the same power to relieve him as under this section it would have had if it had been a Court before which proceedings against that person for negligence, default, breach of duty or breach of trust had been brought.

(3) The persons to whom this section applies are the following :—

(*a*) directors of a company ;

(*b*) managers and managing agents of a company ;

(*c*) officers of a company ;

(*d*) persons employed by a company as auditors, whether they are or are not officers of the company.

Penalty for false statement.

282. Whoever in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Act, wilfully makes a statement false in any material particular, knowing it to be false, shall be punishable with imprisonment of either description for a term which may extend to three years, and shall also be liable to fine.

Penalty for wrongful withholding of property.

282-A. Any director, managing agent, manager or other officer or employee of a company who wrongfully obtains possession of any property of a company or having any such property in his possession wrongfully withholds it or wilfully applies it to purposes other than those expressed or directed in the articles and authorized by this Act, shall, on the complaint of the company or any creditor or contributory thereof, be punishable with fine not exceeding one thousand rupees and may be ordered by the Court trying the offence to deliver up or refund within a time to be fixed by the Court any such property improperly obtained or wrongfully withheld or wilfully misapplied or in default to suffer imprisonment for a period not exceeding two years.

Penalty for misapplication of securities by employers.

282-B. (1) All moneys or securities deposited with a company by its employees in pursuance of their contracts of service with the company shall be kept or deposited by the company in a special account to be opened by the company for the purpose in a bank approved by the Government, and no portion thereof shall be utilised by the company except for the purposes agreed to in the contract of service.

(2) Where a provident fund has been constituted by a company for its employees or any class of its employees, all moneys contributed to such fund (whether by the company or by the employees) or accruing by way of interest or otherwise to such fund after the commencement of this Act, shall be invested, and shall be invested only in securities of the Government of Mysore or in securities approved by them, and all moneys belonging to

such fund at the commencement of this Act, which are not so invested shall be invested in such securities by annual instalments not exceeding ten in number and not less in amount in any year than one-tenth of the whole amount of such moneys.

(3) Notwithstanding anything to the contrary in the rules of any fund to which sub-section (2) applies or in any contract between a company and its employees, no employee shall be entitled to receive in respect of such portion of the amount to his credit in such fund as is invested in accordance with the provisions of sub-section (2) interest at a rate exceeding the rate of interest yielded by such investment.

(4) An employee shall be entitled on request made in this behalf to the company to see the bank's receipt for any money or security such as is referred to in sub-section (1) and sub-section (2).

(5) Any director, managing agent, manager or other officer of the company who knowingly contravenes or permits or authorizes the contravention of the provisions of this section shall be liable on conviction to a fine not exceeding five hundred rupees.

Penalty for improper use of word "Limited."

283. If any person or persons trade or carry on business under any name or title of which "Limited" is the last word, that person or those persons shall unless duly incorporated with limited liability, be liable to a fine not exceeding fifty rupees for every day upon which that name or title has been used.

Provisions for winding up for non-compliance with orders issued under section 11.

283-A. If any company required to alter or omit the words objected to under proviso to sub-section 3 of section 11, does not comply with such requisition, within the period of three months mentioned therein, it shall be liable to be wound up on a petition presented by the Government Advocate or any other officer duly authorized by the Government in this behalf, notwithstanding anything contained in section 166.

Saving of pending proceedings for winding up.

284. The provisions of this Act with respect to winding up shall not apply to any company of which the winding up has commenced before the commencement of this Act, but every such company shall be wound up in the same manner and with the same incidents as if this Act had not been passed, and, for the purpose of the winding up, the Mysore Companies Act, 1895, or the Mysore Companies Act, 1917, shall be deemed to remain in full force.

Saving of document.

285. Every instrument of transfer or other document made before the commencement of this Act in pursuance of any enactment hereby repealed shall be of the same force as if this Act had not been passed, and for the purposes of that instrument or document the repealed enactment shall be deemed to remain in full force.

Former registration offices, registers, and registrars continued.

286. (1) The offices existing at the commencement of this Act for registration of joint-stock companies shall be continued as if they had been established under this Act.

(2) Registers of companies kept in any such existing offices shall respectively be deemed part of the registers of companies to be kept under this Act.

(3) The existing registrars, assistant registrars and officers in those offices shall, during the pleasure of the Government, hold the offices hitherto held by them, subject to any rules of the Government with regard to the execution of their duties.

Saving for Insurance Act.

287. Nothing in this Act shall affect the provisions of the Insurance Act, 1938.

Construction of "registrar of joint-stock companies" in Act III of 1904.

288. In sections 2 and 19 of Act III of 1904 (for the registration of Literary, Scientific and Charitable Societies), the words "registrar of joint-stock companies" shall be construed to mean the registrar under this Act.

Repeal of Acts and savings.

290. (1) The enactments mentioned in the Fourth Schedule are hereby repealed to the extent specified in the fourth column thereof:

Provided that the repeal shall not affect—

(*a*) the incorporation of any company registered under any enactment hereby repealed; nor

(*b*) Table A in the First Schedule annexed to the Mysore Companies Act, 1895, or annexed to the Mysore Companies Act, 1917, or any part thereof, so far as the same applies to any company existing at the commencement of this Act.

(2) All fees directed, resolutions passed and other things duly done under any enactment hereby repealed, shall be deemed to have been directed, passed or done under this Act.

(3) The mention of particular matters in this section or in any other section of this Act, shall not prejudice the general application of section 6 of the General Clauses Act, 1899, with regard to the effect of repeals.